

Senate Committee  
on  
Budget and Fiscal Review

SUBCOMMITTEE 1  
Education

MAJOR ACTION  
REPORT

May 26, 2005

Senate Bill 52  
2005-06 Budget Bill

*Members*

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# SUBCOMMITTEE No. 1

## EDUCATION

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## K-12 EDUCATION

### 6110 CALIFORNIA DEPARTMENT OF EDUCATION

- Appropriated an additional \$2.0 billion in Proposition 98 funding for **K-12 education and community colleges** above the level proposed by the Governor, bringing total Proposition 98 funding to \$52 billion in 2005-06.
- Approved \$252 million in one-time Proposition 98 settle-up funding for **K-12 education and community colleges** above the minimum guarantee in 2005-06. These one-time dollars fully fund Proposition 98 settle-up payments estimated for the 1995-96 and 1996-97 years and provide partial payment for estimated settle-up in 2003-04.
- Approved the Governor's proposed overall change of \$2.6 billion for K-12 schools and set aside an additional \$1.7 billion on top of that for K-12 schools in the budget year. (The set aside is part of the \$2 billion described in bullet #1.)
- Provided \$83.3 million in student enrollment growth for K-12 education programs. Enrollment growth is expected to grow by 0.69 percent, which is lower than the 0.79 percent increase originally estimated in the Governor's January budget.
- Approved \$1.8 billion in cost-of-living adjustments (COLAs) for K-12 education programs, which provides a 4.23 percent COLA increase. The COLA rate grew to 4.23 percent at May Revise from the 3.93 percent proposed in the Governor's January budget.
- Approved \$328 million proposed by the Governor to pay down the revenue limit deficit factor to compensate for revenue limit reductions that originated in the 2003-04 budget. Combined with the \$270 million provided in 2004-05, the additional \$328 million reduces the deficit factor by almost \$600 million, or almost two-thirds of the total deficit factor.
- Redirected \$123 million the Governor proposed in the May Revise for targeted Class Size Reduction to the following purposes in 2005-06:
  - \$71.0 million in funding for revenue limit "equalization;"
  - \$39.0 million to restore child care funding to current year service levels; and
  - \$13.0 million for other program restorations.
- Denied \$242.0 million in one-time settle-up funds the Governor proposed to use for nine new education programs and instead required that these funds be used to buy down the education credit card by paying for education mandate claims owed to schools. The state currently owes approximately \$1.4 billion in unpaid mandate claims to schools.
- Adopted the Governor's Budget proposal to defer payment of all education mandates in 2005-06 for a savings of approximately \$300 million.

- Continued \$100 million in funding for mental health related services proposed by the Governor. This continues \$69 million for AB 3632 services provided by county mental health agencies and \$31 million for pre-referral services for children and youth with exceptional needs. (Subcommittee #3 rejected language proposed by the Governor to permanently shift the state AB 3632 mandate back to schools.)
- Provided \$15 million in additional special education funds to implement the new out-of-home care formula for students with exceptional needs who reside in licensed children's institutions and other out-of-home placements.
- Augmented special education local grants by \$39.3 million to increase base funding as a result of an increase in federal IDEA funds.
- Provides \$60 million to fund a new cohort of low-performing schools eligible for the High Priority Schools program, pursuant to SB 550 (2004), which implemented provisions of the Williams lawsuit settlement agreement.
- Eliminated \$21 million in new funding for the K-12 High Speed Network and authorized funding at the same level from unused funds previously appropriated for Internet connectivity and network infrastructure for grades K-12 schools and county offices of education. Prior to expenditure of these funds, the Joint Legislative Audit Committee (JLAC) shall conduct an audit of the K-12 network.
- Provided \$21.0 million as a set-aside for legislation to assist students with passing the California High School Exit Exam.
- Adopted the May Revision to restore \$9 million in one-time funds for Charter Schools Facilities Grant program. The Governor's January budget proposed to eliminate funding for the program.
- Restored \$13 million in funding for several categorical programs the Governor proposed to eliminate: Local Education Art Partnerships (\$6 million); the Early Mental Health Initiative (\$5.0 million); and the Healthy Start program (\$2 million).
- Adopted the May Revision proposal to restore \$840,000 for the Advancement Via Individual Determination (AVID) program, which the Governor originally proposed to reduce in January.
- Continued to defer payments of approximately \$1.2 billion in Proposition 98 apportionment programs from one fiscal year to the next. This practice commenced with the 2002-03 budget as a method of meeting the state's budget shortfall without reducing schools programs and services.
- Denied the Governor's proposal to eliminate state general fund support -- estimated at \$469 million in 2005-06 -- for the CalSTRS Defined Benefit Program. By eliminating state support, the Administration proposed shifting responsibility for the CalSTRS program to school districts and teachers.

## CHILD DEVELOPMENT

### **6110 CALIFORNIA DEPARTMENT OF EDUCATION – CHILD DEVELOPMENT**

- Reversed all of the Governor’s child care reform proposals and restored the programs to their current levels (adjusted for caseload) using a combination of General Fund (Proposition 98) and Temporary Aid to Needy Families (TANF) funds (totaling \$162.8 million), as follows:
  - Rejected Governor’s proposal to reduce number of child care slots due to the shift of 11- and 12-year-old children from subsidized child care to after school programs.
  - Denied administration’s proposal to index eligibility based on the Federal Poverty Level (as opposed to current use of State Median Income).
  - Rejected Governor’s proposal to implement a tiered reimbursement rate schedule for licensed and licensed-exempt child care providers. Adopted supplemental report language signaling the intent of the Legislature to work with the Administration in the future on the issue of provider rate reform.
  - Rejected Governor’s proposal to limit the length of time former CalWORKs recipients can receive subsidized child care services under Stage 3.
  - Adopted alternative trailer bill language aimed at addressing the calculation of reimbursement rates when providers serve only subsidized children.
  - Approved Governor's proposal to implement centralized eligibility (waiting) lists (CELs) on a county-by-county basis.

## HIGHER EDUCATION

### **6120 CALIFORNIA STATE LIBRARY**

- Denied Governor's proposal to reduce funding for the Public Library Foundation by \$2.2 million. This action brings the total appropriation level for 2005-06 to \$14.4 million which is the same amount provided in the current year.

### **6420 CALIFORNIA POSTSECONDARY EDUCATION COMMISSION (CPEC)**

- Approved operational funding for CPEC, as budgeted.

### **6440 UNIVERSITY OF CALIFORNIA**

- Approved the Governor's higher education budget augmentation proposals, including:
  - \$37.9 million to grow student enrollments by 2.5 percent;
  - \$76.1 million to provide a 3 percent cost-of-living-adjustment (COLA);
  - \$300,000 to grow Medical School student enrollments by 20 full-time students (for the PRIME-LC program at UC Irvine);
  - Tacitly approved undergraduate fee increases of 8 percent, graduate student fee increases of 10 percent, and 3 percent increases for students in professional programs.
- Restored \$17.3 million GF to support student academic preparation and outreach programs at the UC. State funds will be matched with \$12 million of university funds. Governor's proposal called for all state funding to be eliminated from these programs.
- Approved the Governor's Math and Science Teaching initiative which provides UC with \$750,000 to enhance efforts to recruit math and science majors into the teaching profession.
- Restored funding for research related to Labor Studies at the UC and provided an augmentation of \$3.8 million GF for this purpose.
- Adopted supplemental report language calling for the Legislative Analyst, Department of Finance, UC, and California State University to examine the marginal cost of instruction methodology and make recommendations for possible changes and improvements to the process by which we fund student enrollments.
- Approved all Capital Outlay projects as proposed by the Administration.

**6610 CALIFORNIA STATE UNIVERSITY**

- Approved the Governor's higher education budget augmentation proposals, including:
  - \$50.8 million to grow student enrollments by 2.5 percent;
  - \$71.6 million to provide a 3 percent cost-of-living-adjustment (COLA);
  - Tacitly approved undergraduate fee increases of 8 percent, graduate student fee increases of 10 percent, and 3 percent increases for students in professional programs.
- Restored \$7 million GF to backfill the "unallocated" reduction proposed in the Governor's Budget.
- Approved the Governor's Math and Science Teaching initiative which provides CSU with \$250,000 to enhance efforts to recruit math and science majors into the teaching profession.
- Reverted \$15.5 million in unspent current-year funds for enrollment growth.
- Provided an additional \$309,000 in support for the Center for California Studies and Capitol Fellow programs.
- Adopted Supplemental Reporting Language calling for the Legislative Analyst, Department of Finance, UC, and California State University to examine the marginal cost of instruction methodology and make recommendations for possible changes and improvements to the process by which we fund student enrollments.
- Approved all Capital Outlay projects as proposed by the Administration, including \$26 million of General Obligation Bond funding for capital renewal projects (such as HVAC systems) to extend the useful life of CSU buildings.

**6600 HASTINGS COLLEGE OF LAW**

- Approved funding for Hastings, as proposed by Governor.

**6870 CALIFORNIA COMMUNITY COLLEGES**

- Increased funding for K-14 education by \$2 billion. Of this amount, the Community Colleges would be entitled to 10.46 percent (the current Proposition 98 "split") or \$209.2 million. States the intent of the Legislature regarding how the \$209.2 million would be expended.
- Approved \$141.9 million to support 3 percent enrollment growth.
- Provided funding in excess of \$210 million to support a 4.23 percent cost-of-living-adjustment.
- Approved the Governor's Career-Technical Education proposal which will provide \$37.4 million in one-time Proposition 98 reversion account dollars to better align K-12 and community colleges career and vocational curriculum.
- Approved \$10 million in one-time prior-year Proposition 98 "settle up" dollars to support an increase in nursing education and training at the community colleges.

- Provided \$40 million for Equalization (pursuant to the Governor's proposal); funds to be distributed pursuant to current law.
- Augmented the Governor's Budget by \$33 million (one-time prior-year Proposition 98 "settle up" dollars) to backfill lost property tax revenues to Community Colleges in the current year.
- Added \$1 million to support the Cal-PASS student data sharing system.
- Held student fees constant at \$26 per unit.
- Continued to defer \$200 million worth of general apportionment expenditures from June 2006 to July of 2006.

#### **7980 CALIFORNIA STUDENT AID COMMISSION**

- Approved May Revision which reversed Governor's prior proposal to cut funding for Cal Grants to students attending private colleges and universities.
- Approved base budget increases of approximately \$15 million to account for caseload and population changes expected for the Cal Grant entitlement program in the coming year.
- Denied the Governor's proposal to fund the National Guard Assumption Program of Loans for Education (APLE).
- Denied Governor's proposal to establish a new SMART-APPLE program to support Math and Science teacher and instead opted to expand the existing teacher loan assumption program.
- Approved Governor's proposal to shift \$51 million worth of ongoing Cal Grant expenditures from the General Fund to EdFUND's Student Loan Operating Fund.
- Adopted Budget Bill language requiring the Student Aid Commission to provide a 60-day notice to the Joint Legislative Budget Committee and the Department of Finance prior to making any significant changes in the governance structure, roles, responsibilities, or organization or managerial leadership at EdFUND.